

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**12 CFR Parts 303 and 345**

**RIN 3064-AG10**

**Establishment and Relocation of Branches and Offices**

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Proposed rule.

**SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) proposes to amend the processes for an insured State nonmember bank to establish a branch or relocate a main office or branch by eliminating certain filing requirements, reducing processing timelines, and updating public notice procedures, and by making corresponding changes to the procedures applicable to the relocation of an insured branch of a foreign bank. The FDIC seeks comment on all aspects of the proposed rule.

**DATES:** Send comments on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** Interested parties are invited to submit written comments, identified by RIN 3064-AG10, by any of the following methods:

- *Agency Website:* <https://www.fdic.gov/resources/regulations/federal-registerpublications/>. Follow the instructions for submitting comments on the agency website.
- *Email:* [comments@fdic.gov](mailto:comments@fdic.gov). Include RIN 3064-AG10 in the subject line of the message.
- *Mail:* Jennifer Jones, Deputy Executive Secretary, Attention: Comments RIN 3064- AG10, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- *Hand Delivery:* Comments may be hand delivered to the guard station at the rear of the 550 17th Street NW building (located on F Street NW) on business days between 7 a.m. and 5 p.m.

- *Public Inspection:* Comments received, including any personal information provided, may be posted without change to <https://www.fdic.gov/resources/regulations/federal-register-publications/>. Commenters should submit only information that the commenter wishes to make available publicly. The FDIC may review, redact, or refrain from posting all or any portion of any comment that it may deem to be inappropriate for publication, such as irrelevant or obscene material. The FDIC may post only a single representative example of identical or substantially identical comments, and in such cases will generally identify the number of identical or substantially identical comments represented by the posted example. All comments that have been redacted, as well as those that have not been posted, that contain comments on the merits of this document will be retained in the public comment file and will be considered as required under all applicable laws. All comments may be accessible under the Freedom of Information Act.

**FOR FURTHER INFORMATION CONTACT:** Sandra Macias, Chief, (202) 898-3642, [smacias@fdic.gov](mailto:smacias@fdic.gov); Scott Leifer, Senior Review Examiner, (781) 794-5645, [sleifer@fdic.gov](mailto:sleifer@fdic.gov), Division of Risk Management Supervision; Tara Oxley, Associate Director, (202) 898-6722, [toxley@FDIC.gov](mailto:toxley@FDIC.gov), Division of Depositor and Consumer Protection; Benjamin Klein, Supervisory Counsel, (202) 898-7027, [bklein@FDIC.gov](mailto:bklein@FDIC.gov); Karlyn Hunter, (202) 515-6831, [kahunter@FDIC.gov](mailto:kahunter@FDIC.gov); Julia Dempewolf, Senior Attorney, (202) 898-3645, [jdempewolf@FDIC.gov](mailto:jdempewolf@FDIC.gov), Legal Division; Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

## **SUPPLEMENTARY INFORMATION:**

### **I. Policy Objectives**

The objectives of the proposed rule are to improve the speed and certainty of, and reduce the regulatory burden associated with, the filing process under 12 CFR part 303 of the FDIC Rules and Regulations<sup>1</sup> for insured State nonmember banks seeking to establish a branch or relocate a main office or branch and for foreign banks seeking to relocate an insured branch. The proposed rule would also make certain definitional clarifications.

As discussed further in sections III.A and III.C of this Supplementary Information, the FDIC's experience with branch filings has demonstrated that aspects of the filing process should be modified or removed. For example, through its supervisory programs, the FDIC already has access to much of the information that must be provided by applicants under the existing regulation. In addition, branch filings are subject to a public comment process that is not mandated by statute, causes a meaningful delay in the amount of time to render a final decision, and typically does not yield information that materially aids the FDIC's evaluation of the statutory factors pursuant to which these filings are considered. The FDIC also has found that the agency's review of certain branch filings provide little supervisory value, such as where a branch changes its address and the surviving branch resides in approximately the same location. Accordingly, the proposal would accelerate expedited processing for well-rated institutions that satisfy certain criteria, remove certain information elements required of applicants, eliminate the public comment process, and exclude certain *de minimis* branch facility changes in approximately the same location provided that the FDIC and customers of the branch receive

---

<sup>1</sup> 12 CFR part 303, subpart C (insured state nonmember banks) and subpart J (insured branches of foreign banks).

reasonably advance notice of such change. The revisions set forth in the proposal are expected to reduce the volume of branch filings and the resources required by banks and the FDIC to engage in the filing process.

## **II. Background Information**

### *A. Statutory Requirements*

Section 18(d)(1) of the Federal Deposit Insurance Act (FDI Act) requires the FDIC's prior written consent for an insured State nonmember bank to establish and operate a new domestic branch or to move its main office or any domestic branch from one location to another.<sup>2</sup> This section also prohibits a foreign bank from moving an insured branch from one location to another without the FDIC's prior written consent.

When considering whether to grant or withhold such consent, the FDIC must consider the factors listed in section 6 of the FDI Act (statutory factors). The statutory factors are as follows: (1) the bank's financial history and condition; (2) the adequacy of the bank's capital structure; (3) the bank's future earnings prospects; (4) the general character and fitness of the bank's management; (5) the risk presented by the bank to the Deposit Insurance Fund; (6) the convenience and needs of the community to be served by the bank; and (7) whether the bank's corporate powers are consistent with the purposes of the FDI Act. In addition, when evaluating an application to establish a branch, relocate a branch, or relocate a main office, the Community Reinvestment Act (CRA) requires the FDIC to take into consideration "the institution's record of meeting the credit needs of its entire community, including low- and moderate-income

---

<sup>2</sup> 12 U.S.C. 1828(d)(1).

neighborhoods, consistent with the safe and sound operation of such institution.”<sup>3</sup> Section 38 of the FDI Act imposes additional requirements and restrictions on undercapitalized institutions seeking to establish a branch.

#### *B. FDIC Rules and Regulations*

Subpart C of 12 CFR part 303 of the FDIC Rules and Regulations (subpart C) implements section 18(d) of the FDI Act and sets forth the filing requirements and procedures for insured State nonmember banks to establish a branch, relocate a branch or main office, and retain existing branches after the interstate relocation of a main office. Subpart C requires all insured State nonmember banks to submit an application to the appropriate FDIC office prior to establishing a new branch, relocating a branch or a main office, or retaining a branch after the interstate relocation of a main office subject to approval by the FDIC.<sup>4</sup> All applicants are required to submit the same information regardless of the type of proposed change and regardless of the bank’s supervisory history, except that, consistent with section 38 of the FDI Act, undercapitalized institutions are required to submit relatively more information. Further, the FDIC retains the right to request additional information to complete processing.<sup>5</sup>

The application processing timeline depends primarily upon whether the bank meets the definition of an *eligible depository institution*.<sup>6</sup> An application submitted by an *eligible depository institution* is generally subject to expedited processing, and applications submitted by all other insured State nonmember banks are subject to standard processing. The FDIC defines an *eligible depository institution* as a depository institution that meets the following criteria: (1)

---

<sup>3</sup> 12 U.S.C. 2903(a).

<sup>4</sup> 12 CFR 303.42(a).

<sup>5</sup> See 12 CFR 303.42(b) through (d).

<sup>6</sup> See 12 CFR 303.43.

received an FDIC-assigned composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (UFIRS) as a result of its most recent Federal or State examination; (2) received a satisfactory or better CRA rating from its primary Federal regulator at its most recent examination, if the depository institution is subject to examination under 12 CFR part 345 of the FDIC Rules and Regulations; (3) received a compliance rating of 1 or 2 from its primary Federal regulator at its most recent examination; (4) is well-capitalized as defined in the appropriate capital regulation and guidance of the institution's primary Federal regulator; and (5) is not subject to a cease and desist order, consent order, prompt corrective action directive, written agreement, memorandum of understanding, or other administrative agreement with its primary Federal regulator or chartering authority.<sup>7</sup>

Under the current rule, the FDIC retains the right to move an application from expedited processing to standard processing when appropriate.<sup>8</sup> Absent such removal, an application processed under expedited processing is deemed approved the latest of (1) 21 days after the FDIC receives a substantially complete application, (2) the 5th day after the public comment period expires, or (3) in the case of an interstate branch filing that represents new entry into a State where the applicant does not maintain a branch, the 5th day after the FDIC receives the requisite confirming information from the host State. The FDIC must provide the applicant with written notification of the final action when the decision is rendered.<sup>9</sup>

Subpart J of 12 CFR part 303 of the FDIC Rules and Regulations (subpart J) sets forth the procedures for an insured branch of a foreign bank seeking the FDIC's consent to move from

---

<sup>7</sup> 12 CFR 303.2(r).

<sup>8</sup> 12 CFR 303.43(a).

<sup>9</sup> 12 CFR 303.43(b).

one location to another at 12 CFR 303.184. The requirements in subpart J largely mirror the requirements found in subpart C. A foreign bank seeking the FDIC's consent to move an insured branch from one location to another must submit a written application to the appropriate FDIC office with much the same information as a State nonmember bank, publish a newspaper notice, and await completion of a public comment period before a decision is rendered on the application.

### *C. Branch Application Statistics*

From 2015 to 2024, the FDIC received 6,641 branch applications: 5,059 applications to establish a branch, 461 to relocate a main office, 1,120 to relocate a branch, and 1 application to relocate an insured branch of a foreign bank, for an average of 664 applications received per year. During this period, the FDIC approved an average of 630 branch applications annually (482 branch establishment applications, 105 branch relocation applications, and 43 main office relocation applications). On average, 537 applications per year were approved under expedited processing (85 percent) and 93 were approved under standard processing (15 percent). From 2015 to 2024, the average time between the FDIC's receipt of an application to establish a branch, relocate a main office, or relocate a branch, and the application being approved, denied, returned to the applicant or withdrawn, is 25 days for applications subject to expedited processing and 69 days for applications subject to standard processing.

## **III. Description of the Proposed Rule**

### *A. Rules of General Applicability (12 CFR part 303, subpart A)*

#### *1. Public notice requirements (12 CFR 303.7)*

Applications submitted under subpart C are generally subject to public comment and a related public notice period.<sup>10</sup> Unlike the Bank Merger Act, section 18(c) of the FDI Act,<sup>11</sup> or the Change in Bank Control Act, section 17(j) of the FDI Act,<sup>12</sup> section 18(d) of the FDI Act does not impose public notice or comment requirements on branch establishments, branch relocations, or main office relocations. Nonetheless, the FDIC has, by regulation, required that branch applications be subject to public notice and comment.<sup>13</sup>

It is the FDIC's view that branch applications are generally more routine and less significant corporate transactions as compared to deposit insurance applications, merger transactions, or change in control transactions. This view is confirmed by the observation that the FDIC has received a limited number of public comments in response to subpart C applications. The regulatory comment period can significantly prolong the length of time routine proposals take to process. In addition, to the extent the FDIC has received comments in response to a branch application, such comments generally have not been specific to the application at hand and have, on balance, yielded little benefit for the purposes of the FDIC's evaluation of the statutory factors with respect to that application. Over the past five years, the FDIC has received an average of seven comments per year on branch applications, including multiple comments on separate branch applications filed by the same institution. Generally, when the FDIC has received multiple comments on separate filings by the same institution, the comments have repeated concerns that are unrelated to the application at hand.

---

<sup>10</sup> 12 CFR 303.44.

<sup>11</sup> 12 U.S.C. 1828(c)(3).

<sup>12</sup> 12 U.S.C. 1817(j)(2)(D).

<sup>13</sup> 12 CFR 303.7(a).



Consequently, the historically limited benefit of the public notice and related comment period to the FDIC's consideration of the statutory factors when evaluating an application do not justify the prolonged review process for branch applications. Therefore, the FDIC is proposing to eliminate the public notice and related public comment period from subpart C and to make conforming changes to subpart A of 12 CFR part 303 of the FDIC Rules and Regulations. Specifically, the FDIC proposes to strike the provisions in 12 CFR 303.7(a) and (c) that reference the establishment of a branch or a branch relocation or main office relocation in the context of setting forth generally applicable public notice requirements in subpart A.

In addition, under 12 CFR 345.29(c) of the FDIC CRA regulation, as in effect on March 29, 2024 (FDIC CRA regulation)<sup>14</sup>, the FDIC takes into account any views expressed by interested parties that are submitted regarding a bank's CRA record of performance in considering an application for approval of, among other things: (1) the establishment of a domestic branch or other facility with the ability to accept deposits, or (2) the relocation of the bank's main office or a branch. As noted above, the FDIC will continue to comply with its obligations under the CRA, but proposes to eliminate certain public notice and public comment period requirements from subpart C and related provisions in subpart A. The proposal would also include technical conforming changes to 12 CFR part 345 of the FDIC Rules and Regulations, which cross reference the public notice provisions of 12 CFR part 303.

Regardless of whether the FDIC receives public comment regarding a filing submitted under subpart C, the FDIC takes into consideration the bank's CRA rating, as required under the

---

<sup>14</sup> See 12 CFR 345.29(a) (Mar. 29, 2024), *available at* <https://www.ecfr.gov/on/2024-03-29/title-12/section-345.29>. The relevant provisions also appear in appendix G to 12 CFR part 345, which reproduces the FDIC CRA Regulation.

CRA.<sup>15</sup> As noted, an institution's ability to qualify for expediting processing as an *eligible depository institution* depends on a satisfactory or better CRA rating. The FDIC does not propose to alter this element of the definition of *eligible depository institution*. Accordingly, eliminating the public comment period would not be inconsistent with the FDIC's obligations under the CRA.

## *2. Hearings and other meetings (12 CFR 303.10(a))*

Applications submitted under subpart C are generally subject to the FDIC Rules and Regulations of general applicability concerning hearings. The FDIC rarely receives requests for hearings concerning applications under subpart C and conducts such hearings even less frequently. As noted above, the FDIC proposes to eliminate the public notice requirement in subpart C because the FDIC has found the public notice and related public comment period are not statutorily required and do not materially aid the FDIC's consideration of the statutory factors when evaluating an application to establish a domestic branch or to relocate a main office or domestic branch. Similarly, the public hearing process has not materially benefitted the FDIC's consideration of a branch application in the context of the statutory factors. Therefore, the FDIC proposes to eliminate from the public hearing provisions of 12 CFR 303.10(a) the reference to an insured State nonmember bank to establish a domestic branch or to relocate a main office or domestic branch.

## *B. Definitions (12 CFR 303.41)*

### *1. Branch (12 CFR 303.41(a))*

---

<sup>15</sup> See 12 U.S.C. 2902(3)(C) through (D).

The FDIC proposes to revise the definition of *branch* at 12 CFR 303.41(a) to clarify the scope of the exclusion of remote service units from the definition of *branch*. The proposed rule's definition of *branch* would specify that a branch does not include a remote service unit (RSU) or a financial education program that includes the provision of bank products and services covered under subpart C, and provide a definition for *remote service unit*. The proposed definition of *remote service unit* is discussed below.

## *2. Branch relocation (12 CFR 303.41(b))*

The FDIC proposes to establish a rule of construction within the definition of *branch relocation* at 12 CFR 303.41(b). Under the proposed rule, a branch relocation would not include a *de minimis* change in address. The rule of construction would define a *de minimis change in address* as occurring when a branch exchanges one physical facility for another within the same approximate location, such as where: (1) a direct line of sight exists between the two facilities, (2) the facilities share the same parking area, or (3) the facilities are located on contiguous properties or on the same block.

The FDIC has found that in some situations a change in facility may be in a bank's best interest for a business, operational, or other reason outside the control of a bank, such as the same landlord expanding a shopping center and offering more advantageous lease terms for the exchange of one suite in the shopping center for another, and such changes are often subject to external time pressures. In the FDIC's experience, the exchange of one physical facility for another that results in such a *de minimis* change in address is not appropriately contemplated under the current subpart C. The proposed rule would recognize the absence of a significant supervisory purpose to processing filings for such *de minimis* changes in address by removing the requirement of a filing for such changes.

Although a *de minimis* change in address would not be subject to the requirements in 12 CFR 303.42 through 303.44, a bank completing a *de minimis* change in address would still be required to provide reasonable advance written notice to customers of the branch undergoing a *de minimis* change in address and advance notice to the appropriate FDIC office.

### *3. De novo interstate branch (12 CFR 303.41(c))*

The FDIC proposes to replace the term *de novo branch* with *de novo interstate branch* at 12 CFR 303.41(c). The term *de novo branch* is defined in section 18(d)(4)(C) of the FDI Act within the narrow context of interstate branching. However, the current definition of *de novo branch* in subpart C does not account for the interstate context of the statutory definition. The FDIC proposes to revise subpart C to account for the statutory interstate context by changing the defined term to *de novo interstate branch* and updating the definition to indicate a branch of a bank that is established by the bank as a branch in a State other than the bank's home State or one in which the bank does not maintain a branch, and does not become a branch of such bank as a result of (1) the acquisition by the bank of an insured depository institution or a branch of an insured depository institution, or (2) the conversion, merger, or consolidation of any such institution or branch. The proposed rule would make conforming changes to account for the new defined term by replacing *de novo branch* with *de novo interstate branch* where it is used in subpart C. Under the proposed rule, this defined term would only be relevant in the context of ensuring that a filing for a *de novo interstate branch* would be deemed approved only after ensuring that relevant host State filing requirements have been satisfied.

### *4. Remote service unit (12 CFR 303.41(f))*

As noted above, the FDIC proposes to define the term *remote service unit* at 12 CFR 303.41(f). Section 3(o) of the FDI Act excludes automated teller machines (ATMs) and RSUs

from the definition of *domestic branch* but does not define either term. The FDIC proposes to adopt a definition of RSU that would align the FDIC Rules and Regulations with the regulations of the Office of the Comptroller of the Currency (OCC).<sup>16</sup> The proposed rule would define *remote service unit* as an automated or unstaffed facility, operated by a customer of a bank with at most delimited assistance from bank personnel, that conducts banking functions such as receiving deposits, paying withdrawals, or lending money. An RSU includes an automated teller machine, automated loan machine, automated device for receiving deposits, personal computer, telephone, other similar electronic devices, and drop boxes. An RSU may be equipped with a telephone or tele-video device that allows contact with bank personnel.

The proposed rule would exclude a drop box from the definition of branch by including a drop box in the definition of RSU to avoid the incongruous result where the definition of branch encompasses a drop box but not an ATM.<sup>17</sup>

The FDIC's proposed definition of RSU encompasses automated, unstaffed facilities that are operated by the customer with at most delimited assistance from bank personnel, and that allow for telephonic or video connectivity with bank personnel. This is intended to accommodate most facilities commonly referred to as *interactive teller machines* (ITMs). In 2024, the FDIC issued a Financial Institutions Letter stating that an ITM would qualify for the RSU exclusion, and thus not be a branch, under the following circumstances: (1) the ITM is an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank, which is equipped to enable existing customers to initiate an interactive session with remotely located

---

<sup>16</sup> See 12 CFR 7.1027.

<sup>17</sup> See also OCC, "Activities and Operations of National Banks and Federal Savings Associations," 85 FR 83686, 83703 (Dec. 22, 2020).

bank personnel, and, (2) to the extent that bank personnel have the ability to remotely assist the customer with the operation of the ITM to perform core banking functions, customers must also be able to perform such transactions without the involvement of bank personnel and must have the sole discretion to initiate and terminate interactive sessions with bank personnel.<sup>18</sup> As part of this proposal, the FDIC is seeking comment on whether these criteria should be retained or modified.

*C. Filing Procedures (12 CFR 303.42)*

*1. General (12 CFR 303.42(a))*

Under 12 CFR 303.42(a), applicants are required to submit an application to the appropriate FDIC office on the date the required newspaper notice of the bank's proposal is published or within five days after the date of the last required newspaper publication. Thus, the timing requirement of the application is tied to the newspaper publication requirement. The FDIC proposes to eliminate the newspaper publication requirement in 12 CFR 303.44(a), as discussed in section III.E of this document, and to revise related provisions, including 12 CFR 303.42(a).

Under the proposed rule, a bank would be required to submit a letter filing to the appropriate FDIC office to establish a domestic branch or complete a branch relocation or main office relocation. As the public notice requirements have been stricken, the proposed rule does not specify a submission deadline but retains the requirement to submit a letter filing to the appropriate FDIC office in 12 CFR 303.42(a).

---

<sup>18</sup> See FDIC, FIL-53-2024, "Classification of Interactive Teller Machines as Domestic Branches or Remote Service Units" (Aug. 9, 2024), *available at* <https://www.fdic.gov/news/financial-institution-letters/2024/classification-interactive-teller-machines-domestic>.

## *2. Content of filing (12 CFR 303.42(b))*

Applicants are currently required to submit the following information to the appropriate FDIC office when applying to establish a domestic branch or complete a branch relocation or main office relocation:

- A statement of intent to establish a branch, or to relocate the main office or a branch;
- The exact location of the proposed site, including the street address;
- Details concerning any involvement in the proposal by an insider of the bank, including any financial arrangements relating to fees, the acquisition of property, leasing of property, and construction contracts;
- Comments on any changes in services to be offered, the community to be served, or any other effect the proposal may have on the applicant's compliance with the CRA;
- A copy of each newspaper publication, the name and address of the newspaper, and date of the publication; and
- When an application is submitted to relocate the main office of the applicant from one State to another, a statement of the applicant's intent regarding retention of branches in the State where the main office exists prior to relocation.<sup>19</sup>

The intent of the letter content requirements is to aid the FDIC in satisfying its statutory obligation to consider the statutory factors when determining whether to grant or withhold its consent for a bank to establish a domestic branch or to move a main office or branch location. The FDIC has found, however, that through its routine examination and supervisory processes, it maintains sufficient information to consider the statutory factors without requiring a bank to

---

<sup>19</sup> 12 CFR 303.42(b).

compile and submit all the information currently required by subpart C. Additionally, technological advances currently enable the FDIC to more quickly access and analyze historic information regarding a bank compared to when subpart C was initially promulgated. The proposed rule would recognize these advances in information access and analysis within the context of the statutory factors.

As discussed in section III.E of this document, the proposed rule also would eliminate the newspaper publication requirement and public comment period. Therefore, the corresponding filing content requirements would be eliminated by the proposed rule as well.

Accordingly, the FDIC proposes to revise the filing content requirement to require a bank to submit the following:

- A statement of intent to establish a branch, or to relocate the main office or a branch;
- The exact location of the proposed site, including the street address;
- When a filing is submitted to relocate the bank's main office from one State to another, a statement of the bank's intent regarding retention of branches in the State where the main office exists prior to relocation; and
- With respect to a branch relocation or a main office relocation, confirmation that advance written notice was provided to customers of the branch or main office being relocated.

#### *D. Processing (12 CFR 303.43)*

##### *1. Expedited processing for eligible depository institutions (12 CFR 303.43(a))*

Under subpart C, an application submitted by an *eligible depository institution* qualifies for expedited processing, subject to removal by the FDIC for the reasons set forth in 12 CFR 303.11(c)(2). An application processed under expedited processing is deemed approved on the



latest of the following: (1) the 21st day after receipt by the FDIC of a substantially complete filing; (2) the 5th day after expiration of the comment period described in 12 CFR 303.44; or (3) in the case of an application to establish and operate a de novo branch in a State that is not the applicant's home State and in which the applicant does not maintain a branch, the 5th day after the FDIC receives confirmation from the host State that the applicant has both complied with the filing requirements of the host State and submitted a copy of the application with the FDIC to the host State bank supervisor.<sup>20</sup>

The FDIC proposes to retain the definition of *eligible depository institution*, shorten the approval period for expedited processing, and eliminate the FDIC's discretion to remove a filing from expedited processing.

Under section 303.2(r) of the FDIC Rules and Regulations, to qualify as an *eligible depository institution*, a bank must satisfy the following criteria:

- Received an FDIC-assigned composite rating of 1 or 2 under the UFIRS as a result of its most recent Federal or State examination;
- Received a satisfactory or better CRA rating from its primary Federal regulator at its most recent examination;
- Received a compliance rating of 1 or 2 from its primary Federal regulator at its most recent examination;
- Is well-capitalized as defined in the appropriate capital regulation and guidance of the institution's primary Federal regulator; and

---

<sup>20</sup> 12 CFR 303.43(a).

- Is not subject to a cease and desist order, consent order, prompt corrective action directive, written agreement, memorandum of understanding, or other administrative agreement with its primary federal regulator or chartering authority.<sup>21</sup>

The criteria to qualify as an eligible depository institution correspond with many of the statutory factors that must be satisfied to establish or relocate a domestic branch. Accordingly, the FDIC has determined that qualification as an eligible depository institution can, in many cases, facilitate the FDIC's consideration of a proposed branch establishment or relocation within the context of the statutory factors and allow for a more truncated expedited processing framework than the one that exists today. The proposal would therefore shorten the timeline for expedited processing.

Under the proposed rule, a filing submitted by an eligible depository institution to establish a branch that is processed under expedited processing would be deemed approved on the later of the following: (1) the third business day after receipt by the FDIC of a substantially complete filing; or (2) in the case of an application to establish and operate a de novo interstate branch in a State that is not the applicant's home State and in which the applicant does not maintain a branch, the fifth day after the FDIC receives confirmation from the host State that the applicant has both complied with the filing requirements of the host State and submitted a copy of the application with the FDIC to the host State bank supervisor.<sup>22</sup>

---

<sup>21</sup> 12 CFR 303.2(r).

<sup>22</sup> Filings involving a de novo interstate branch typically involve a lengthier approval timeline because they are subject to additional statutory requirements. *See* 12 U.S.C. 1828(d)(4)(B). Specifically, the bank must comply with state filing requirements, satisfy concentration limits, be adequately capitalized, and be well capitalized and well managed upon establishment of the branch. *See* 12 U.S.C. 1831u(b)(1), (3), and (4).

Currently, under subpart A of 12 CFR part 303 of the FDIC Rules and Regulations, the FDIC retains discretion to remove a filing from expedited processing for one of the following reasons:

- For filings subject to public notice, an adverse comment is received that warrants additional investigation or review;
- For filings subject to evaluation of CRA performance, a CRA protest is received that warrants additional investigation or review, or the appropriate regional director determines that the filing presents a significant CRA or compliance concern;
- For any filing, the appropriate regional director determines that the filing presents a significant supervisory concern, or raises a significant legal or policy issue; or
- For any filing, the appropriate regional director determines that other good cause exists for removal.<sup>23</sup>

The FDIC exercises this discretion on a limited basis. If an institution meets all the criteria for expedited processing, the likelihood that opening a new branch would present material supervisory concerns is extremely remote. Thus, under the proposal, any proposed branch filing from an institution that satisfies the criteria for expedited processing would be deemed approved in accordance with the statutory factors, without discretion to remove the filing from expedited processing. This aspect of the proposal is consistent with the FDIC's goal to provide more certainty to filers who satisfy all the criteria for expedited processing and ensure timely processing of such filings.

## *2. Expedited processing for branch relocations and main office relocations (12 CFR 303.43(b))*

---

<sup>23</sup> 12 CFR 303.11(c)(2).

The FDIC proposes to establish a new category of expedited processing for intrastate branch relocations and main office relocations by certain banks under revised 12 CFR 303.43(b). Filings for intrastate branch relocations or intrastate main office relocations would be acknowledged in writing by the FDIC and would receive expedited processing if the bank received an FDIC-assigned composite rating of 3 or better under the UFIRS as a result of its most recent Federal or State examination. Expedited processing would apply under 12 CFR 303.43(b) regardless of whether the institution satisfies the other criteria in 12 CFR 303.2(r) for an eligible depository institution.

Subpart C of 12 CFR part 303 defines *branch relocation* narrowly as a move within the same immediate neighborhood of the existing branch that does not substantially affect the nature of the business of the branch or the customers of the branch.<sup>24</sup> The definition specifies that moving a branch to a location outside its immediate neighborhood is considered the closing of an existing branch and the establishment of a new branch. Thus, a branch relocation typically presents a limited set of facts and circumstances for review and consideration within the context of the statutory factors. Although not defined, main office relocations present a similarly narrow set of facts and circumstances for review and consideration. The FDIC considers the statutory factors within the context of the application submitted.

Because branch relocations and main office relocations typically present a narrow scope of review and consideration, the FDIC proposes to establish a new category of expedited processing for proposed intrastate branch or main office relocations submitted by a bank that received an FDIC-assigned composite rating of 3 or better under the UFIRS as a result of its

---

<sup>24</sup> 12 CFR 303.41(b).

most recent Federal or State examination. The FDIC has found that when a bank that has received an FDIC-assigned composite rating of 3 or better under the UFIRS as a result of its most recent Federal or State examination applies for a branch relocation or main office relocation, the rating can serve as a meaningful proxy for the statutory factors within the context of the application. Thus, the FDIC proposes to establish a new eligibility criterion for intrastate branch relocation or main office relocation filings to qualify for expedited processing. The eligibility criterion is based on the FDIC's particular experience and expertise and reflects the FDIC's consideration of the statutory factors within the context of branch relocations and main office relocations generally.

Under the proposed rule, a filing for an intrastate branch relocation or main office relocation processed under expedited processing would be deemed approved on the third business day after receipt by the FDIC of a substantially complete filing. The proposed rule also would eliminate the FDIC's authority to remove such filings from expedited processing.

### *3. FDIC internal processes*

In addition to publishing this proposed rule, the FDIC is evaluating and updating its internal processes to further streamline and expedite the review and consideration of applications submitted under subpart C of 12 CFR part 303. The FDIC's Application Procedures Manual (APM) provides direction for professional staff assigned to review and process applications under subpart C and are available for public review.<sup>25</sup> Applications submitted under subpart C are received and processed by the appropriate FDIC regional office (RO) pursuant to the APM and the FDIC Board of Director's "Delegations of Authority for Supervisory Filings,

---

<sup>25</sup> FDIC, APM, *available at* <https://www.fdic.gov/bank-examinations/applications-procedures-manual>.

Enforcement Matters, Capital Determinations, and Information Sharing Agreements.”<sup>26</sup> The FDIC has published matrices that summarize delegations to professional staff, circumstances that may restrict the authority to act pursuant to such delegations, and other information relevant to the exercise of authority.<sup>27</sup> The FDIC intends to review its delegations of authority to promote efficient decisioning on applications, specifically by delegating additional authority to ROs.

The FDIC also intends to update its internal processes for responding to an application submitted under subpart C that qualifies for expedited processing. Currently, an applicant receives multiple response letters from the FDIC, which may create confusion and delay. After updates to internal processes, if an application is substantially complete and qualifies for expedited processing, the RO would be expected to issue a single letter to the applicant within three business days to acknowledge receipt of the application and state that the application would be deemed approved by the latest date applicable under subpart C. The FDIC anticipates this change would enhance certainty for applicants by reducing the number of potential communications involved in the branch application process to a single letter.

#### *E. Public Notice Requirements (12 CFR 303.44)*

Currently, a bank making a filing subject to subpart C must publish a notice in a newspaper of general circulation. The FDIC proposes to eliminate the newspaper publication requirement in 12 CFR 303.44(a) and related provisions. The FDIC expects banks seeking to relocate a branch to notify affected customers, and notes that elimination of the FDIC’s public

---

<sup>26</sup> FDIC, Resolution 086825, “Delegations of Authority for Supervisory Filings, Enforcement Matters, Capital Determinations, and Information Sharing Agreements” (Oct. 20, 2020), *available at* <https://www.fdic.gov/regulations/laws/matrix/delegations-resolution.pdf>.

<sup>27</sup> See FDIC, Delegations of Authority, *available at* <https://www.fdic.gov/bank-examinations/delegations-authority>.

notice requirement would not preempt any publication, customer notification, or other similar requirements under applicable State law.

*F. Moving an Insured Branch of a Foreign Bank (12 CFR 303.184)*

As noted above, subpart J of 12 CFR part 303 governs an application by an insured branch of a foreign bank seeking the FDIC's consent to move from one location to another, and the requirements in subpart J largely mirror those found in subpart C of 12 CFR part 303 for an insured State nonmember bank. The proposed rule would make changes to subpart J to correspond to those proposed for subpart C discussed above.

**IV. Expected Effects of the Proposed Rule**

As previously discussed, the objective of the proposed rule is to reduce the regulatory burden on insured State nonmember banks seeking to establish a branch or relocate a main office or branch by shortening the length of, as well as clarifying and reducing content requirements for, associated filings, and to do the same for relocations of insured branches of foreign banks.

This analysis utilizes all regulations and guidance applicable to FDIC-supervised insured State nonmember banks and insured branches of foreign banks (collectively, insured depository institutions or IDIs), as well as information on the financial condition of FDIC-supervised IDIs as of the quarter ending March 31, 2025, as the baseline to which the effects of the proposed rule are estimated.

If adopted, the proposed rule would apply to FDIC-supervised State nonmember banks seeking to establish a branch, relocate a main office or branch, and to FDIC-supervised insured branches of foreign banks seeking to relocate an insured branch of a foreign bank. As of the quarter ending March 31, 2025, the FDIC supervises 2,835 State nonmember banks or insured

branches of foreign banks which collectively operate 25,424 branches and main offices.<sup>28</sup> In the period from 2015 to 2024, the FDIC received 6,641 branch applications: 5,059 to establish a branch, 461 to relocate a main office, 1,120 to relocate a branch, and 1 to relocate an insured branch of a foreign bank, for an average of 664 filings per year.<sup>29</sup> Based on this historical average, the FDIC estimates that the proposed rule would affect approximately 700 branch applications per year on average.<sup>30</sup>

In general, the proposed rule would reduce the regulatory requirements for branch applications. Specifically, it would establish that State nonmember banks that seek to make a *de minimis* change in the address of a branch would only need to notify the FDIC of such a change, rather than submit an application. For all other branch applications, the proposed rule would reduce filing content requirements from six to four items. The proposed rule would also eliminate or greatly reduce public notice requirements for applications.<sup>31</sup>

For State nonmember banks that seek a *de minimis* relocation, the FDIC estimates that the proposed rule would eliminate the entire estimated five-hour burden of preparing and

---

<sup>28</sup> FDIC Call Report and Structure Data, March 31, 2025.

<sup>29</sup> FDIC supervisory data.

<sup>30</sup> Although the proposed rule would result in a decrease in the burden for a branch application, the FDIC does not believe the proposed rule would likely result in a material increase in the number of branch applications. To the extent that the proposed rule results in a greater number of branch applications, the historical average of 664 branch applications per year may be an undercount of the number of applications affected by the proposed rule. The FDIC believes that using 700 as the number of branch applications per year is a conservative estimate for purposes of estimating the effects of the proposed rule.

<sup>31</sup> A bank completing a *de minimis* change in address would still be required to provide reasonable advance written notice to customers of the branch per proposed 12 CFR 303.41(b).



submitting a branch application.<sup>32</sup> At a conservative estimate of \$200 per hour per application,<sup>33</sup> the resulting savings would be \$1,000 per *de minimis* relocation. Strictly for the purpose of estimating the number of *de minimis* relocations per year, the FDIC assumes that the distances of such relocations would be less than 0.1 miles.<sup>34</sup> Of the 6,641 branch applications used in this analysis, 299 involved a relocation distance less than 0.1 miles. As such, the FDIC estimates that approximately 30 branch applications per year would involve a *de minimis* relocation, resulting in an estimated aggregate benefit of \$30,000 annually.<sup>35</sup>

For the remaining 670 branch applications that do not involve *de minimis* relocations, the proposed rule would reduce the regulatory requirements for preparing and submitting branch applications. Specifically, it would reduce filing content requirements from six to four items. The proposed rule would also eliminate public notice requirements for these applications. The FDIC estimates these changes would benefit applicants by reducing the time spent preparing and submitting branch applications by approximately two hours, on average.<sup>36</sup> At a conservative

---

<sup>32</sup> Based on Paperwork Reduction Act hourly burden estimates for branch applications by state nonmember banks under Information Collection Request OMB No. 3064-0070 (See [https://www.reginfo.gov/public/do/PRAICList?ref\\_nbr=202301-3064-006](https://www.reginfo.gov/public/do/PRAICList?ref_nbr=202301-3064-006)). Hourly burden estimates for branch applications by foreign banks under Information Collection Request OMB No. 3064-0114 are not used for this analysis because only 1 out of 6,641 historical branch applications was submitted by a foreign bank.

<sup>33</sup> In recent Information Collection Requests, the FDIC estimated that the fully loaded costs of preparing and submitting branch applications are approximately \$147 per hour for state nonmember banks and \$135 per hour for foreign banks. See [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202312-3064-001](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202312-3064-001), respectively.

<sup>34</sup> *de minimis* relocations would only involve relocations “within the same approximate location,” as per proposed 303.41(b)(1)(i).

<sup>35</sup> \$30,000 savings annually = \$1,000 per relocation application x 30 applications per year; and, 30 branch applications per year = 299 applications / 10 years.

<sup>36</sup> Details of the time to prepare and submit branch applications are provided in Section VII.B. Paperwork Reduction Act of this document.

hourly burden estimate of \$200 per hour,<sup>37</sup> the proposed rule would result in aggregate cost savings of approximately \$268,000 per year.<sup>38</sup>

Summing up the quantified effects for all 700 affected branch applications, the FDIC estimates that the proposed rule would result in approximately \$300,000 in savings per year from the reduction of labor costs associated with preparing and submitting branch applications.

As previously discussed, the proposed rule would generally reduce the time it takes for the FDIC to process a filing. In particular, the proposed rule would establish a deadline of three days for approval after receipt of a substantially complete expedited intrastate branch filing; a reduction of between 18 days and 28 days, respectively.<sup>39</sup> Further, the proposed rule would expand expedited processing for intrastate branch filings and main office relocations to a bank that received an FDIC-assigned composite rating of 3 or better under the UFIRS as a result of its most recent Federal or State examination. Finally, the proposed rule would eliminate the FDIC's discretion to remove a filing from expedited processing. According to FDIC supervisory data, a filing to establish a branch, or to relocate a branch or main office, subject to expedited processing takes an average of 25 days to process.<sup>40</sup>

---

<sup>37</sup> In recent Information Collection Requests, the FDIC estimated that the fully loaded costs of preparing and submitting branch applications are approximately \$147 per hour for State nonmember banks and \$135 per hour for foreign banks. See [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202301-3064-006](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202301-3064-006) and [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202312-3064-001](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202312-3064-001), respectively.

<sup>38</sup> \$268,000 cost savings per year = 670 branch applications per year \* 2 hours saved per application \* \$200 per hour saved.

<sup>39</sup> As noted above, intrastate branch filings are deemed approved under expedited processing on the latest of: the 21<sup>st</sup> day after receipt by the FDIC of a substantially complete filing, or the 5<sup>th</sup> day after expiration of the comment period described in 12 CFR 303.44, which at most could be 23 days (consisting of 8 days to meet the newspaper publication requirement plus a 15 day comment period), and 5 + 23 = 28. The proposal's deadline of three days (down from 21) for intrastate branch filings represents a decrease of 18 days from baseline, and the proposed elimination of the public notice requirements and associated five-day processing period represents a decrease of 28 days from baseline.

<sup>40</sup> Based on branch applications received from 2015 to 2024 which had received a final status of approved, denied, withdrawn or returned as of June 24, 2025.

The proposed rule's reduction in processing times for certain branch applications would have clear benefits for eligible depository institution applicants. Faster processing times would reduce the period of uncertainty for applicants and reduce costs associated with downtime while waiting for a decision from the FDIC. IDIs would be able to more swiftly respond to changes in local economic conditions, such as a change in landlord for an IDI's current location or a time-sensitive opportunity to relocate to a more desirable location. The FDIC does not have the information necessary to further quantify the benefit associated with the reduction in the time it takes for the FDIC to process filings, but believes that processing time reductions would improve productivity and competitiveness for applicants.

As previously discussed, the proposed rule would clarify certain definitions in the filing regulations. Specifically, the proposed rule would clarify that the term *branch* does not include remote service units, drop boxes, or financial education programs that include the provision of bank products and services. In practice the FDIC has not considered such locations covered by the filing requirements for establishing a branch, relocating a main office or branch, or relocating an insured branch of a foreign bank. Finally, the proposed rule clarifies the definition of *de novo interstate branch*. The FDIC does not have the information necessary to quantify the benefits to prospective applicants associated with these aspects of the proposed rule. However, the FDIC believes that these clarifications would benefit applicants and the industry by reducing uncertainty among prospective applicants.

As previously discussed, the FDIC does not believe that the proposed rule would pose any material direct costs to applicants. The FDIC acknowledges that there may be ancillary costs to the public. For example, the elimination of the public notice requirements and related public

comment period for branch and main office relocations<sup>41</sup> may result in some confusion among bank customers or other community stakeholders. The proposed rule mitigates this by maintaining that IDIs shall provide advance written notice to customers of the office undergoing an address change. The FDIC does not have the data necessary to quantify the effect of the proposed elimination of the public notice requirements and related public comment period. However, given the limited historical number of public comments in response to subpart C applications, and the mitigation just mentioned, the FDIC does not believe this effect to be material. Moreover, the proposed rule does not affect the responsibility of FDIC-supervised institutions to help meet the credit needs of the communities in which they are headquartered or operate branches.<sup>42</sup> Therefore, the FDIC believes that the proposed rule will pose no substantiative indirect costs to customers.

Finally, the FDIC believes that the proposal could provide indirect benefits to customers of insured state nonmember banks and insured branches of foreign banks. To the extent that the shorter processing periods, reduced filing content requirements, and clarifications within the proposed rule reduce the time it takes such institutions to begin providing banking products and services at applicable locations, customers may benefit. The FDIC does not have the necessary information to quantify such benefits.

## **V. Alternatives Considered**

The FDIC considered implementing internal process changes related to the review of subpart C applications that would result in abbreviated review periods without implementing a

---

<sup>41</sup> Proposed 12 CFR 303.44.

<sup>42</sup> See 12 CFR Appendix-G-to-Part-345(b).

regulatory change. However, the FDIC determined that improving the speed, certainty and regulatory burden associated with the processes for branch filings would be better achieved through a formal notice and comment rulemaking that considers feedback from all stakeholders. As discussed above, the FDIC also expects to implement changes to its internal processes for branch filings in tandem with the amendments set forth in this proposal to further support these objectives.

## **VI. Request for Comments**

The FDIC seeks comments on all aspects of the proposed rule. The FDIC also seeks specific comment on the following:

*Question 1.* Are the proposed filing content requirements appropriate to garner sufficient information for the FDIC to evaluate the statutory factors in the context of the establishment of a domestic branch or branch or main office relocation? Are there additional information elements the FDIC should consider or seek to remove? If so, please explain how the addition or removal of such information would facilitate the FDIC’s consideration of the statutory factors.

*Question 2.* Is the FDIC’s elimination of the public comment period for branch applications appropriate? Please explain why or why not.

*Question 2.* Is the FDIC’s criteria for a branch application to satisfy “expedited processing” appropriate? Please explain why or why not.

*Question 3.* Is the FDIC’s definition of *branch relocation* appropriate? If not, what alternatives should the FDIC consider? Is the FDIC’s criteria for expedited processing for a branch relocation appropriate?

*Question 4.* What are the advantages and disadvantages of the proposed *de minimis* exception to the definition of *branch relocation*? Are there supervisory benefits to continuing to

require a filing for a branch facility change that would satisfy the proposed *de minimis* exception that the FDIC should consider? If so, please explain those benefits and how they outweigh the burden associated with requiring a filing for such branch facility changes.

*Question 5.* Is the FDIC’s proposed definition of *remote service unit* appropriate? Does the definition’s “delimited assistance” standard provide clarity regarding whether an ITM would qualify for the RSU exclusion? Is FDIC FIL-53-2024 consistent with this definition, and what alternatives to FDIC FIL-53-2024 would provide greater clarity as to the scope of the “delimited assistance” standard?

*Question 6.* Are there any other aspects of subpart C, 12 CFR 303.184, or the proposed rule the FDIC should consider amending? If so, please explain those changes and how they would support the objectives of this proposal.

## **VII. Regulatory Analysis**

### *A. Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA) generally requires an agency, in connection with a proposed rule, to prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of the proposed rule on small entities.<sup>43</sup> However, an initial regulatory flexibility analysis is not required if the agency certifies that the proposed rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. The Small Business Administration (SBA) has defined “small entities” to include banking organizations with total assets of less than or equal to \$850 million.<sup>44</sup> Generally, the

---

<sup>43</sup> 5 U.S.C. 601 *et seq.*

<sup>44</sup> The SBA defines a small banking organization as having \$850 million or less in assets, where an organization’s “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding

FDIC considers a significant economic impact to be a quantified effect in excess of 5 percent of total annual salaries and benefits or 2.5 percent of total noninterest expenses. The FDIC believes that effects in excess of one or more of these thresholds typically represent significant economic impacts for FDIC-supervised institutions.

If adopted, the proposed rule would apply to small entities seeking to establish a branch, relocate a main office or branch, or relocate an insured branch of a foreign bank. As of the quarter ending March 31, 2025, the FDIC supervised 2,835 IDIs, of which 2,109 are considered “small” for the purposes of RFA.<sup>46</sup> These 2,109 small IDIs collectively operated 8,412 branches and main offices.<sup>45</sup> In the period from 2015 to 2024, small IDIs submitted 2,020 applications to establish a branch, 352 applications to relocate a branch, and 295 applications to relocate a main office, for a total of 2,667 applications across all ten years, or an average of 267 applications per year.<sup>46</sup> Based on this historical average, the FDIC estimates the proposed rule would affect approximately 300 branch applications from small IDIs per year on average.<sup>47</sup>

In general, the proposed rule would reduce the regulatory requirements for establishing or relocating a branch. Specifically, it would eliminate filing requirements for *de minimis*

---

year.” See 13 CFR 121.201 (as amended by 87 FR 69118, effective December 19, 2022). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses an insured depository institution’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the insured depository institution is “small” for the purposes of RFA.

<sup>45</sup> FDIC Call Report and Structure Data, March 31, 2025.

<sup>46</sup> FDIC supervisory and Call Report data. For the purpose of these application counts an IDI is considered “small” for purposes of the RFA if it is identified in the FDIC’s data as “small” as of the quarter-end in which it sent a relevant application to the FDIC. Note that no insured branches of foreign banks are considered “small” for purposes of the RFA.

<sup>47</sup> Although the proposed rule would result in a decrease in the burden imposed by a branch application, the FDIC does not believe the proposed rule would likely result in a material increase in the number of branch applications. To the extent that the proposed rule results in a greater number of branch applications from small IDIs, the historical average of 267 branch applications per year may be an undercount of the number of applications affected by the proposed rule. The FDIC believes that using 300 as the number of branch applications from small IDIs per year is a conservative estimate for purposes of the RFA.

relocations and reduce filing content requirements from six to four items for all other applications. The proposed rule would also eliminate or greatly reduce public notice requirements for all branch establishments and relocations.<sup>48</sup>

As discussed in the Expected Effects section, the FDIC estimates that there would be upwards of 30 *de minimis* relocations per year. Based on supervisory and Call Report data, the FDIC estimates that upwards of 10 *de minimis* relocations would involve small IDIs. The proposed rule would reduce the burden for these *de minimis* relocations by five hours, or \$1,000, per relocation.<sup>49</sup> Based on Call Report data for the quarter ending March 31, 2025, a cost savings of \$1,000 is in excess of 5 percent of total annual salaries and benefits or 2.5 percent of total noninterest expenses for one small IDI.

For the remaining 290 branch applications from small IDIs that do not involve *de minimis* relocations, the FDIC estimates the proposed rule would benefit small applicants by reducing the time spent preparing and submitting branch applications by approximately two hours, on average, or \$400 per application.<sup>50</sup> Based on Call Report data for the quarter ending March 31, 2025, a cost savings of \$400 is in excess of 5 percent of total annual salaries and benefits or 2.5 percent of total noninterest expenses for one small IDI.

Based on the quantified effects of the proposed rule described above, the FDIC estimates that the rule would not significantly affect more than two small IDIs.

---

<sup>48</sup> A bank completing a *de minimis* change in address would still be required to provide reasonable advance written notice to customers of the branch per proposed 303.41(b).

<sup>49</sup> Based on a conservative hourly burden estimate of \$200 per hour. In recent Information Collection Requests, the FDIC estimated that the fully loaded costs of preparing and submitting branch applications are approximately \$147 per hour for state nonmember banks and \$135 per hour for foreign banks. *See* [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202301-3064-006](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202301-3064-006) and [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202312-3064-001](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202312-3064-001), respectively.

<sup>50</sup> Details of the time to prepare and submit branch applications are provided in Section VII.B. Paperwork Reduction Act of this preamble.



As discussed in the Expected Effects section, the proposed rule would also reduce the time it takes for the FDIC to process a filing. In particular, the proposed rule would establish a deadline of three days for approval after receipt of a substantially complete expedited *intrastate* branch filing; a reduction of between 18 days and 28 days, respectively.<sup>51</sup> Further, the proposed rule would expand expedited processing for *intrastate* branch filings and main office relocations to a bank that received an FDIC-assigned composite rating of 3 or better under the UFIRS as a result of its most recent federal or state examination. Finally, the proposed rule would eliminate the FDIC’s discretion to remove a filing from expedited processing. According to FDIC supervisory data, a filing to establish a branch, or to relocate a branch or main office, subject to expedited processing takes an average of 25 days to process.<sup>52</sup>

The proposed rule’s reduction in processing times for certain branch applications would have clear benefits for eligible small depository institution applicants. Faster processing times would reduce the period of uncertainty for applicants and reduce costs associated with downtime while waiting for a decision from the FDIC. IDIs would be able to more swiftly respond to changes in local economic conditions, such as a change in landlord for an IDI’s current location or a time-sensitive opportunity to relocate to a more desirable location. The FDIC does not have the information necessary to further quantify the benefit associated with the reduction in the time

---

<sup>51</sup> As noted above, intrastate branch filings are deemed approved under expedited processing on the latest of: the 21<sup>st</sup> day after receipt by the FDIC of a substantially complete filing, or the 5<sup>th</sup> day after expiration of the comment period described in 12 CFR 303.44, which at most could be 23 days (consisting of 8 days to meet the newspaper publication requirement plus a 15 day comment period), and  $5 + 23 = 28$ . The proposal’s deadline of three days (down from 21) for intrastate branch filings represents a decrease of 18 days from baseline, and the proposed elimination of the public notice requirements and associated five-day processing period represents a decrease of 28 days from baseline.

<sup>52</sup> Based on branch applications received from 2015 to 2024 which had received a final status of approved, denied, withdrawn or returned as of June 24, 2025.

it takes for the FDIC to process filings, but believes that processing time reductions would improve productivity and competitiveness for applicants.

As previously discussed, the proposed rule would clarify certain definitions in the filing regulations. Specifically, the proposed rule would clarify that *branch* does not include remote service units, drop boxes, or financial education programs that include the provision of bank products and services. In practice the FDIC has not considered such locations covered by the filing requirements for establishing a branch, relocating a main office or branch, or relocating an insured branch of a foreign bank. Finally, the proposed rule clarifies the definition of interstate branch, intrastate branch, and de novo interstate branch for the purposes of the application requirements for establishing a branch, relocating a main office or branch, or relocating an insured branch of a foreign bank. The FDIC does not have the information necessary to quantify the benefits to prospective applicants associated with these aspects of the proposed rule. However, the FDIC believes that these clarifications would benefit applicants and the industry by reducing uncertainty among prospective applicants.

The unquantified benefits discussed above are additional to the quantified benefits. Conservatively, if each branch application affected by the proposed rule were submitted by a distinct small IDI, then the proposed rule would affect 300 small IDIs. The FDIC does not believe that the unquantified benefits would likely result in a significant effect for the vast majority of the 300 affected IDIs.

Finally, the FDIC does not believe that the proposed rule would pose any material direct costs to applicants.

In light of the foregoing, the FDIC certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities. Accordingly, an initial regulatory flexibility analysis is not required.

The FDIC invites comments on all aspects of the supporting information provided in this RFA section. The FDIC is particularly interested in comments on any significant effects on small entities that the agency has not identified.

*B. Paperwork Reduction Act\*

Certain provisions of the proposed rule contain “collections of information” within the meaning of the Paperwork Reduction Act (PRA) of 1995.<sup>53</sup> In accordance with the requirements of the PRA, the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Budget and Management (OMB) control number. The information collections contained in the proposed rule have been submitted to OMB for review and approval by the FDIC under section 3507(d) of the PRA<sup>54</sup> and § 1320.11 of OMB's implementing regulations.<sup>55</sup> The FDIC proposes to extend for three years, with revision, the following information collections:

*Title of Information Collection:* Application for a bank to establish a branch or move its main office or branch.

*OMB Control Number:* 3064-0070.

*Respondents:* Insured state nonmember banks.

---

<sup>53</sup> 44 U.S.C. 3501

<sup>54</sup> 44 U.S.C. 3507(d)

<sup>55</sup> 5 CFR 1320

*Current Actions:* The proposed rule revises the currently-approved information collection as follows:

Section 303.42, *Application for a bank to establish a branch or move its main office or Branch.*

Pursuant to sections 13(f), 13(k), 18(d) and 44 of the FDI Act, insured state nonmember banks must obtain FDIC approval before establishing a branch, relocating a branch or main office, or retaining existing branches after the interstate relocation of the main office. This information collection represents the occasional reporting requirement associated with those institutions' application for FDIC approval. The proposed rule reduces reporting burden by eliminating the requirement that the applicant provide information regarding insider involvement in the proposed branch office, comments on changes in services offered or the effect the proposal may have on the applicant's compliance with the Community Reinvestment Act (CRA), and a copy of and information related to the required newspaper publication. As such, the FDIC estimates average time per response will be reduced from 5 hours to 3 hours. However, to account for additional applications that may result from changes in the proposed rule as well as historical data since most recent PRA renewal, the FDIC also estimates an increase in respondents from 436 to 700. Thus, the total estimated annual burden for OMB No. 3064-0070 is 2,100 hours, a decrease of 80 hours from the most recent PRA renewal.<sup>56</sup>

*Title of Information Collection:* Foreign Banks

*OMB Control Number:* 3064-0114.

---

<sup>56</sup> FDIC Application for a bank to establish a branch or move its main office or branch, OMB No. 3064-0070, available at [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202301-3064-006](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202301-3064-006).

*Respondents:* Insured branches of foreign banks.

*Current Actions:* The proposed rule revises the currently-approved information collection as follows:

The FDIC is proposing to remove the information collection “Section 303.184, *Moving a Branch*” from the ICR under the OMB Control No. 3064-0114 and include it in the ICR under OMB Control No. 3064-0070. Under Section 303.183, insured branches of foreign banks seeking approval from the FDIC to move locations complete a substantially similar application as domestic banks seeking FDIC approval to move locations. To ensure consistent burden estimates between similar respondents completing similar applications, the FDIC will include burden estimates from the information collection “Section 303.184, *Moving a Branch*” in the information collection “*Application for a bank to establish a branch or move its main office or Branch.*” Combining these two information collections does not affect the FDIC estimates of respondents for the information collection under OMB Control No. 3064-0070 because historically the FDIC rarely receives applications to move insured branches from foreign banks. In the most recent PRA renewal for OMB Control No. 3064-0114, the FDIC used a placeholder of a single respondent to maintain the information collection.

*Comments are invited on:*

- (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility;
- (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used;
- (c) ways to enhance the quality, utility, and clarity of the information to be collected;

and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent to the address listed in the **ADDRESSES** section of this document. Written comments and recommendations for this information collection also should be sent within 60 days of publication of this document to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting “Currently under 60-day Review—Open for Public Comments” or by using the search function.

#### *C. Plain Language*

Section 722 of the Gramm-Leah-Bliley Act requires Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The FDIC invites your comments on how to make the proposed rule easier to understand. For example:

- Has the FDIC organized the material to suit your needs? If not, how could the proposed rule be more clearly stated?
- Are the requirements in the proposed rule clearly stated? If not, how could the proposed rule be more clearly stated?
- Does the proposed rule contain language or jargon that is not clear? If so, which language requires clarification?
- Would different format (groupings and order of sections, use of headings, paragraphing) make the guidelines easier to understand? If so, what changes to the format would make the proposed rule easier to understand?
- What else could the FDIC do to make the proposed rule easier to understand?

#### *D. Riegle Community Development and Regulatory Improvement Act of 1994*

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA),<sup>57</sup> in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on IDIs, each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on affected depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of the RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form. The FDIC invites comments that further will inform its consideration of the RCDRIA.<sup>58</sup>

#### *D. Providing Accountability Through Transparency Act of 2023*

The Providing Accountability Through Transparency Act of 2023<sup>59</sup> requires that a notice of proposed rulemaking include the Internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the Internet.

The FDIC proposes to modify the procedures for an insured State nonmember bank to establish a domestic branch or relocate a domestic main office or branch. The proposed rule would eliminate certain filing requirements, shorten processing timelines, and reduce public notice procedures. The FDIC proposes to make corresponding changes to the procedures

---

<sup>57</sup> 12 U.S.C. 4802(a).

<sup>58</sup> 12 U.S.C. 4802(b).

<sup>59</sup> 12 U.S.C. 553(b)(4).

applicable to the relocation of an insured branch of a foreign bank. The FDIC also proposes to update certain related definitions to further streamline branch filing regulatory compliance obligations.

The proposal and the required summary can be found at  
*<https://www.fdic.gov/resources/regulations/federal-register-publications/index.html>*.

#### *E. Executive Orders 12866 and 14192*

Executive Order 12866, as amended, provides that the Office of Information and Regulatory Affairs (OIRA) will review all “significant regulatory actions” as defined therein. OIRA has determined that this proposal is not a “significant regulatory action” for purposes of Executive Order 12866. The proposal, if finalized as proposed, is not expected to be an Executive Order 14192 regulatory action.

### **List of Subjects**

#### **12 CFR Part 303**

Administrative practice and procedure, Bank deposit insurance, Banks, banking, Reporting and recordkeeping requirements, Savings associations.

#### **12 CFR Part 345**

Banks, banking, Community development, Credit, Investments, Reporting and recordkeeping requirements.

### **Authority and Issuance**

For the reasons stated in the preamble, the Federal Deposit Insurance Corporation proposes to amend 12 CFR parts 303 and 345 as follows:



## PART 303—FILING PROCEDURES

1. The authority citation for part 303 continues to read as follows:

**Authority:** 12 U.S.C. 378, 1464, 1813, 1815, 1817, 1818, 1819(a) (Seventh and Tenth), 1820, 1823, 1828, 1829, 1831a, 1831e, 1831o, 1831p-1, 1831w, 1835a, 1843(l), 3104, 3105, 3108, 3207, 5414, 5415, and 15 U.S.C. 1601-1607.

2. In § 303.7, revise paragraphs (a) and (c)(1)(i) to read as follows:

### § 303.7 Public notice requirements.

(a) *General.* The public must be provided with prior notice of a filing to engage in a merger transaction, initiate a change of control transaction, or request deposit insurance. The public has the right to comment on, or to protest, these types of proposed transactions during the relevant comment period. In order to fully apprise the public of this right, an applicant shall publish a public notice of its filing in a newspaper of general circulation. For specific publication requirements, consult subparts B (Deposit Insurance), D (Merger Transactions), and E (Change in Bank Control) of this part.

\* \* \* \* \*

(c) \* \* \*

(1) \* \* \*

(i) In the case of an application for deposit insurance for a *de novo* depository institution, include the names of all organizers or incorporators. In the case of a merger application, include the names of all parties to the transaction. In the case of a notice of acquisition of control, include the name(s) of the acquiring parties.

\* \* \* \* \*

### § 303.10 [Amended]

3. In § 303.10, remove paragraphs (a)(2) and (3) and redesignate paragraphs (a)(4) through (6) as paragraphs (a)(2) through (4), respectively.

**§ 303.40 [Amended]**

4. In § 303.40:

a. In paragraph (a), remove the word “application” and add, in its place, the word “filing”; and

b. In paragraph (c), remove the word “Applications” and add, in its place, the word “Filings”.

5. Amend § 303.41 by revising paragraph (a) introductory text, revising and republishing paragraph (b), revising paragraph (c) introductory text, and adding paragraph (f) to read as follows:

**§ 303.41 Definitions.**

\* \* \* \* \*

(a) *Branch*, except as provided in this paragraph, includes any branch bank, branch office, additional office, or any branch place of business located in any State of the United States or in any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands at which deposits are received or checks paid or money lent. A branch does not include a remote service unit or a facility described in § 303.45. The term branch also includes the following:

\* \* \* \* \*

(b) *Branch relocation* means a move within the same immediate neighborhood of the existing branch that does not substantially affect the nature of the business of the branch or the customers of the branch. Moving a branch to a location outside its immediate neighborhood is considered the closing of an existing branch and the establishment of a new branch. Closing of a branch is covered in the FDIC Statement of Policy Concerning Branch Closing Notices and Policies. 1 FDIC Law, Regulations, Related Acts 5391; see § 309.4 (a) and (b) of this chapter for availability.

(1) *Rule of construction.* For the purposes of this subpart, a *de minimis* change in address is neither a branch establishment nor a branch relocation.

(i) A *de minimis* change in address occurs when a branch exchanges one physical facility for another within the same approximate location, such as where:

- (A) A direct line of sight exists between the two facilities;
- (B) The facilities share the same parking area; or
- (C) The facilities are located on contiguous properties or on the same block.

(ii) *Notice required.* Notwithstanding the inapplicability of §§ 303.42 through 303.44, an insured State nonmember bank is required to provide reasonable advance written notice to customers of the branch undergoing a *de minimis* address change and advance notice to the appropriate FDIC office.

(2) [Reserved]

(c) *De novo interstate branch* means a branch of a bank that is established by the bank as a branch in a State other than the bank's home State or one in which the bank does not maintain a branch, and does not become a branch of such bank as a result of:

\* \* \* \* \*

(f) *Remote service unit (RSU)* is an automated or unstaffed facility, operated by a customer of a bank with at most delimited assistance from bank personnel, that conducts banking functions such as receiving deposits, paying withdrawals, or lending money. An RSU includes an automated teller machine, automated loan machine, automated device for receiving deposits, personal computer, telephone, other similar electronic devices, and drop boxes. An RSU may be equipped with a telephone or tele-video device that allows contact with bank personnel.

6. Amend § 303.42 by revising paragraph (a), revising and republishing paragraph (b), and revising paragraph (c) to read as follows:

**§ 303.42 Filing procedures.**

(a) *General.* Filings shall be submitted to the appropriate FDIC office.

(b) *Content of filing.* A complete letter filing shall include the following information:

(1) A statement of intent to establish a branch, or to relocate the main office or a branch;

(2) The exact location of the proposed site including the street address. With regard to messenger services, specify the geographic area in which the services will be available. With regard to a mobile branch specify the community or communities in which the vehicle will operate and the manner in which it will be used;

(3) When a filing is submitted to relocate the main office of the bank from one State to another, a statement of the bank's intent regarding retention of branches in the State where the main office exists prior to relocation; and

(4) With respect to a branch relocation or a main office relocation, confirmation that advance written notice was provided to customers of the branch or main office being relocated.

(c) *Undercapitalized institutions*. Filings to establish a branch by banks subject to section 38 of the FDI Act (12 U.S.C. 1831o) also should provide the information required by § 303.204. Filings pursuant to sections 38 and 18(d) of the FDI Act (12 U.S.C. 1831o and 1828(d)) may be filed concurrently or as a single filing.

\* \* \* \* \*

7. Amend § 303.43 by revising paragraph (a), redesignating paragraph (b) as paragraph (c) and adding a new paragraph (b), and revising the newly redesignated paragraph (c) to read as follows:

**§ 303.43 Processing.**

(a) *Expedited processing for branch establishments*. Filings to establish a branch by an eligible depository institution as defined in § 303.2(r) will be acknowledged in writing by the FDIC and will receive expedited processing. A filing processed under expedited processing will be deemed approved on the later of the following:

- (1) The third business day after receipt by the FDIC of a substantially complete filing; or
- (2) In the case of a filing to establish and operate a *de novo* interstate branch, the 5th day after the FDIC receives confirmation from the host State that the bank has both complied with the filing requirements of the host State and submitted a copy of its filing with the FDIC to the host State bank supervisor.

(b) *Expedited processing for branch relocations and main office relocations*. Filings for intrastate branch relocations or intrastate main office relocations will be acknowledged in writing by the FDIC and will receive expedited processing if the bank received an FDIC-assigned composite rating of 3 or better under the Uniform Financial Institutions Rating System as a result

of its most recent federal or state examination. A filing processed under expedited processing will be deemed approved on the third business day after receipt by the FDIC of a substantially complete filing.

(c) *Standard processing.* For those filings that are not processed pursuant to the expedited procedures, the FDIC will provide the bank with written notification of the final action when the decision is rendered.

8. Remove § 303.44, redesignate § 303.45 as § 303.44 and revise to read as follows:

**§ 303.44 Special provisions.**

(a) *Emergency or disaster events.*

(1) In the case of an emergency or disaster at a main office or a branch that requires that an office be immediately relocated to a temporary location, banks shall notify the appropriate FDIC office within 3 days of such temporary relocation.

(2) Within 10 days of the temporary relocation resulting from an emergency or disaster, the bank shall submit a filing to the appropriate FDIC office, that identifies the nature of the emergency or disaster, specifies the location of the temporary branch, and provides an estimate of the duration the bank plans to operate the temporary branch.

(3) As part of the review process, the FDIC will determine on a case by case basis whether additional information is necessary.

(b) *Redesignation of main office and existing branch.* In cases where a bank desires to redesignate its main office as a branch and redesignate an existing branch as the main office, a single filing shall be submitted.

(c) *Expiration of approval.* Approval of a filing expires if within 18 months after the approval date a branch has not commenced business or a relocation has not been completed.

9. Redesignate § 303.46 as § 303.45 and revise the introductory text to read as follows:

**§ 303.45 Financial education programs that include the provision of bank products and services.**

No filing or prior approval is required in order for a State nonmember bank to participate in one or more financial education programs that involve receiving deposits, paying withdrawals, or lending money if:

\* \* \* \* \*

10. Amend § 303.184 by:

- a. Revising and republishing paragraphs (a) and (b);
- b. Removing paragraph (c);
- c. Redesignating paragraphs (d) and (e) as paragraphs (c) and (d), respectively; and
- d. Revising and republishing newly redesignated paragraphs (c) and (d).

The revisions read as follows:

**§ 303.184 Moving an insured branch of a foreign bank.**

(a) *Filing procedures* —

(1) *Where and when to file.* A filing by an insured branch of a foreign bank seeking the FDIC's consent to move from one location to another, as required by section 18(d)(1) of the FDI Act (12 U.S.C. 1828(d)(1)), shall be submitted in writing to the appropriate FDIC office.

(2) *Content of filing.* A complete letter filing shall include the exact location of the proposed site, including the street address.

(3) *Comptroller's application.* If the filer is submitting an application with the Comptroller that contains the information required by paragraph (a)(2) of this section, the filer may submit a copy to the FDIC in lieu of a separate filing.

(4) *Additional information.* The FDIC may request additional information to complete processing.

(b) *Processing—*

(1) *Expedited processing for eligible insured branches.* A filing submitted by an eligible insured branch as defined in § 303.181(c) will be acknowledged in writing by the FDIC and will receive expedited processing if the filer is proposing to move within the same State. A filing processed under expedited processing will be deemed approved on the third business day after the FDIC's receipt of a substantially complete filing.

(2) *Standard processing.* For those filings that are not processed pursuant to the expedited procedures, the FDIC will provide the filer with written notification of the final action as soon as the decision is rendered.

(c) *Other approval criteria.*

(1) The FDIC may approve a filing under this section if the criteria in paragraphs (c)(1)(i) through (vi) of this section are satisfied.

(i) The factors set forth in section 6 of the FDI Act (12 U.S.C. 1816) have been considered and favorably resolved;

(ii) The filer is at least adequately capitalized as defined in subpart H of part 324 of this chapter;



(iii) Any financial arrangements that have been made in connection with the proposed relocation and that involve the filer's directors, officers, major shareholders, or their interests are fair and reasonable in comparison to similar arrangements that could have been made with independent third parties;

(iv) Compliance with the CRA and any applicable related regulations, including part 345 of this chapter, has been considered and favorably resolved;

(v) No CRA protest as defined in § 303.2(l) has been filed that remains unresolved or, where such a protest has been filed and remains unresolved, the Director or designee concurs that approval is consistent with the purposes of the CRA and the filer agrees in writing to any conditions imposed regarding the CRA; and

(vi) The filer agrees in writing to comply with any conditions imposed by the FDIC, other than the standard conditions defined in § 303.2(dd) that may be imposed without the filer's written consent.

(2) [Reserved]

(d) *Relocation of insured branch from one State to another.* If the foreign bank proposes to relocate an insured State branch to a State that is outside the State where the branch is presently located, in addition to meeting the approval criteria contained in paragraph (c) of this section, the foreign bank must:

(1) Comply with any applicable State laws or regulations of the States affected by the proposed relocation; and

(2) Obtain any required regulatory approvals from the appropriate State licensing authority of the State to which the insured branch proposes to relocate before relocating the

existing branch operations and surrendering its existing license to the appropriate State licensing authority of the State from which the branch is relocating.

## **PART 345—COMMUNITY REINVESTMENT**

11. The authority citation for part 345 continues to read as follows:

**Authority:** 12 U.S.C. 1814-1817, 1819-1820, 1828, 1831u, 2901-2908, 3103-3104, and 3108(a).

12. In appendix G to part 345, revise § 345.29(c) to read as follows:

### **Appendix G to Part 345—Community Reinvestment Regulations**

\* \* \* \* \*

#### **§ 345.29 Effect of CRA performance on applications.**

\* \* \* \* \*

(c) *Interested parties.* The FDIC takes into account any views expressed by interested parties that are submitted in accordance with the FDIC's procedures set forth in part 303 of this chapter in considering CRA performance in an application listed in paragraphs (a)(3) and (4) and (b) of this section.

\* \* \* \* \*

Federal Deposit Insurance Corporation.  
By order of the Board of Directors.  
Dated at Washington, DC, on July \_\_, 2025.  
**Jennifer Jones,**  
*Deputy Executive Secretary*

**BILLING CODE 6714-01-P**